C. REMARKS

1. Examiner Interview

Applicant notes with appreciation the telephonic interview conducted between Applicant's attorney and Examiner Calvin Hewitt on June 12, 2003. During the interview, Applicants' attorney averred that the primary prior art reference (U.S. Pat. No. 6,363,357 to Rosenberg et al., hereinafter "Rosenberg") cited in the Office Action is inapplicable to Applicant's claimed invention. Applicant's attorney explained that the claimed invention is directed to a system and method that provides a third party server that automatically establishes relationships between providers of copyrightable works, such as authors and artists, and distributors of the works. Applicant's invention further automates the tracking of royalties based upon the actual distributions made by the various distributors. In addition, the distributors are provided "just-in-time" distribution as they carry no inventory and are not charged for the provider's work until an order is actually placed with the distributor by a customer and the distributor, in turn, orders the work electronically from the third party logging server. Applicant's attorney averred that Rosenberg provides a way for buyers to register with multiple merchants and addresses problems in the prior art dealing with selling low cost items using credit cards due to credit card fees. In particular, as discussed with the Examiner, Rosenberg *does not* teach uploading works from providers, such as authors, to a third party broker. In addition, in sharp contrast to Applicant's claimed invention, Rosenberg does not teach storing content on the broker's computer system. Instead, content is downloaded from the merchant's website (see Rosenberg, col. 10, lines 14-44). Rosenberg teaches a payment broker that is used by merchants and buyers to simplify transactions between merchants and buyers. In addition, Rosenberg teaches how content can be downloaded to the buyer by the merchant at the same time the broker is receiving payment from the buyer. Rosenberg, however, simply does not teach Applicant's claimed system and method for establishing relationships between providers of copyrightable works and distributors of such works.

2. Summary

Claims 1-36 stand rejected. Claims 1-6, 8-18, 20-30, and 32-36 are currently pending in the application. Claims 1, 13, and 25 are independent claims and have been amended. Claims 7, 19, and 31 have been cancelled. No claims have been added.

3. Drawings

An indication was not made in the Office Action as to whether the formal drawings that were submitted with the application are accepted by the Examiner. Applicants respectfully request that the Examiner indicate whether the drawings are accepted.

4. Claim Rejections Under 35 U.S.C. § 102

Claims 1-3, 6-10, 13-15, 18-22, 25-27, and 30-34 currently stand rejected under 35 U.S.C. § 102(e) as being anticipated by U.S. Patent No. 6,363,357 to Rosenberg et al. (hereinafter, "Rosenberg"). Applicant respectfully traverses the rejections and has amended the independent claims to more clearly and distinctly claim Applicant's invention.

As discussed with the Examiner during the telephonic interview, Rosenberg does not provide a method for providers of digital works to transact business with merchants that sell the digital works, as taught and claimed by Applicant. Applicant claims a method for a third party logging server to:

assign identifiers to digital works received from providers of the works

store the digital works

receive requests from merchants

transmit the digital works from the third party logging server to the merchant; and

store a sales record recording the fact that the merchant requested the digital work.

In stark contrast, Rosenberg addresses issues between buyers and merchants over the Internet and has little or nothing to do with the relationship between the merchants and the providers of digital content. In discussing "issues confronting electronic payment systems which must be overcome," Rosenberg teaches that the issues include (A) the ability to operate for most Internet *merchant* settings, (B) the ability to operate for most Internet *buyer* configurations, (C) privacy and security of Internet *buyer* information, (D) prevention of theft of products from the Internet *merchants*, and (E) the ability to manage encryption keys for *buyers* and *merchants*. (Rosenberg, col. 1, line 66 to col. 2, line 26, emphasis added). In addition, Rosenberg addresses the problem of distributing multiple copies of digital content from the merchant to a buyer, such as a corporation (col. 2, lines 27-41).

Rosenberg teaches the use of a "payment broker" that is used by merchants and buyers so that the buyers can purchase digital content from the merchant (see Rosenberg, Figure 1, col. 3, line 26 to col. 4 line 54). Rosenberg teaches that the "participants" included in Rosenberg's system include a plurality of buyers, a plurality f merchants, web site hosts, credit card companies, banks, and a payment broker (col. 3, lines 26-50). Nowhere does Rosenberg include the provider of the digital works (i.e., the author that supplied the works to the merchant) as a participant of the system, as taught and claimed by Applicant. Moreover, nowhere does Rosenberg teach the use of a "third party logging server" to connect the provider of the digital work to the merchant, as is also taught and claimed by Applicant. Instead, Rosenberg is directed to facilitating transactions between online merchants and buyers using a payment broker. Rosenberg teaches encrypting the content sent to the online buyer from the merchant with the encryption key provided to the buyer after the payment broker has successfully received the buyer's payment. In addition, Rosenberg teaches downloading the encrypted digital content concurrently with the process of receiving the buyer's payment (col. 10, lines 14-44). This is because the content is encrypted and unable to be used until the buyer receives the encryption key from the payment computer.

Rosenberg teaches the use of a "payment broker" to assist in collecting payment from online buyers on behalf of online merchants. The "payment broker" taught by Rosenberg provides an entirely different function than that provided by the "third party logging proxy server" taught and claimed by Applicant. The payment broker taught by Rosenberg facilitates transactions between merchants and buyers, not between digital content providers (e.g., authors) and merchants, as taught and claimed by Applicant. In addition, Rosenberg's "payment broker" does not store the digital content, but rather stores digital keys that unlock digital content that is sent to buyers by the merchants (see Fig. 1). Rosenberg does not teach sending the digital content to the merchants, rather Rosenberg teaches a process that takes place further downstream wherein the merchant is sending, rather than receiving, the content (col. 10, lines 14-44).

In contrast to each of the teachings of Rosenberg, Applicant claims a system and method whereby the third party logging proxy server, *receives and stores* digital content from providers of the content. Applicant further claims a system and method whereby the digital content is *transmitted to the merchant*, and does not claim the merchant sending the content to buyers, as is

taught by Rosenberg. Finally, Applicant claims a system and method that records a sales record evidencing the *merchant's receipt of the digital content*, rather than the m rchant's sale of the digital content to an online buyer, as is taught by Rosenberg.

In short, Rosenberg simply does not teach the third party logging proxy server claimed by Applicant. The rejection of independent claims 1, 13, and 25, has therefore been traversed as Rosenberg clearly does not anticipate Applicant's claimed invention. Claims 2-6, 8-12, 14-18, 20-24, 26-30, and 32-36 each depend on an allowable independent claim, and are therefore allowable for at least the same reasons as their respective independent claims are allowable.

5. Claim Rejections Under 35 U.S.C. § 103

Claims 4, 5, 16, 17, 28, and 29 stand rejected under 35 U.S.C. § 103(a) as being obvious, and therefore unpatentable, over Rosenberg in view of U.S. Patent No. 6,282,653 to Berstis et al. (hereinafter "Berstis"). Claims 11, 12, 23, 24, 35, and 36 stand rejected under 35 U.S.C. § 103(a) as being obvious, and therefore unpatentable, over Rosenberg in view of U.S. Patent No. 5,787,413 to Kauffman et al. (hereinafter "Kauffman").

The Berstis patent, the Kauffman patent, and the instant application were, at the time that the invention was made, owned by, or subject to an obligation of assignment to the same person. 35 U.S.C.§ 103(c) states:

> (c) Subject matter developed by another person, which qualifies as prior art only under one or more of subsections (e), (f), and (g) of section 102 of this title, shall not preclude patentability under this section where the subject matter and the claimed invention were, at the time the invention was made, owned by the same person or subject to an obligation of assignment to the same person.

The instant application was filed on or after November 29, 1999. The Berstis and Kauffman patents qualify as prior art only under 35 U.S.C. § 102(e). The instant application, the Berstis patent, and the Kauffman patent were commonly owned or subject to an obligation of assignment to the same person at the time the invention was made. Therefore, the Berstis and Kauffman patents cannot be used in a 35 U.S.C. § 103 rejection to preclude patentability. As such, the rejection is improper and should be withdrawn. Applicants assert that claims 4, 5, 11, 12, 16, 17, 23, 24, 28, 29, 35, and 36 are allowable in light of the improper rejection and in light

of the fact that the Rosenberg reference, as described above, does n t teach or suggest Applicant's claimed invention.

Conclusion

As a result of the foregoing, it is asserted by Applicant that the remaining claims in the Application are in condition for allowance, and Applicant respectfully requests an early allowance of such claims.

Applicant respectfully request that the Examiner contact the Applicant's attorney listed below if the Examiner believes that such a discussion would be helpful in resolving any remaining questions or issues related to this Application.

Respectfully submitted,

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